

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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R 251745Z FEB 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 5960

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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EO 11652: NA

TAGS: ENRG, IT

SUBJ: ITALIAN ENERGY PLAN - FINALIZED

REF: (A) ROME 2181, (B) 75 ROME 18779 (BOTH NOTAL)

SUMMARY: FEB 18 AGREEMENT BY MINISTERS OF INDUSTRY DONAT CATTIN AND OF STATE PARTICIPATIONS BISAGLIA ON THE WORDING OF THE DEC. 23 INTER-MINISTERIAL ECONOMIC PLANNING COMMITTEE'S DECISION APPROVING (REF B) ITALY'S NATIONAL ENERGY PLAN (NEP) HAS APPARENTLY ENDED THE DISPUTE BETWEEN THE TWO WHICH HAD DELAYED IMPLEMENTATION OF THE NEP. FEB. 18 AGREEMENT MEANS THAT STATE ELECTRICITY AUTHORITY ENEL MAY PROCEED TO ORDER EIGHT NUCLEAR POWERPLANTS BASED ON GENERAL ELECTRIC AND WESTINGHOUSE TECHNOLOGY. AS WELL, VARIOUS GOI INITIATIVES IN PETROLEUM INDUSTRY REGULATION, ALTERNATE ENERGY RESEARCH AND NUCLEAR

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FUEL CYCLE ARE APPROVED. END SUMMARY.

1. LONG DISCUSSIONS ON FEB. 18 BETWEEN MINISTER OF INDUSTRY DONAT CATTIN AND MINISTER OF STATE PARTICIPATIONS BISAGLIA, MEDIATED BY BUDGET MINISTER ANDREOTTI, FINALLY PRODUCED AGREEMENT APPROVING WORDING AND CONTENTS OF CIPE DOCUMENT ON ITALIAN NATIONAL ENERGY PLAN. NEP HAD BEEN FORMALLY APPROVED AT DEC. 23 CIPE MEETING, PENDING RESOLUTION OF DIFFERENCES BETWEEN THE TWO MINISTERS.

2. MAJOR INITIATIVE RATIFIED BY FEB. 18 DECISION IS AUTHORIZATION TO PROCEED WITH ORDERING EIGHT, LIGHT-WATER NUCLEAR REACTORS, EACH OF BETWEEN 950-1050 MW CAPACITY. FOUR WILL USE PRESSURIZED WATER TECHNOLOGY, FOUR WILL USE BOILING WATER TECHNOLOGY. LETTERS OF INTENT ARE TO BE ISSUED BY AUGUST 23, 1976. FINANCIAL DETAILS ARE NOT YET NOT CONTAINED IN THE CIPE DOCUMENT, BUT PROVISIONS ARE MADE FOR EVENTUAL INCREASE IN ENEL'S CAPITAL FUNDS BY 2,000 BILLION LIRE OVER 5-YEAR PERIOD AND FOR ANNUAL REVIEW OF ENEL RATE STRUCTURES. EIGHT MORE REACTORS ARE TO BE ORDERED IN 1977.

3. OTHER MAJOR PROVISIONS OF FEB. 18 DECISION (TO BE DESCRIBED SUBSEQUENTLY BY AIRGRAM) INCLUDE (A) INSTRUCTIONS FOR MININD TO PREPARE PLANS FOR DOMESTIC PETROLEUM SUPPLIES AND RATIONALIZATION OF DOMESTIC REFINING AND DISTRIBUTION INDUSTRY; (B) REORGANIZATION OF GOI EFFORTS IN NUCLEAR FUEL CYCLE; (C) PLANS FOR DEVELOPING ALTERNATIVE ENERGY SOURCES AND (D) MEASURES TO LINK NUCLEAR ENERGY RESEARCH AND CONTROL ENTITY MORE CLOSELY TO NUCLEAR INDUSTRY. NEED FOR GREATER COORDINATION OF GOI ENERGY SECTOR POLICY IS EMPHASIZED, BUT NO ORGANIZATIONAL GUIDELINES ARE GIVEN.

4. COMMENT: REMAINING STEPS FOR FULL IMPLEMENTATION OF THE NEP ARE ADMINISTRATIVE AND LEGAL. PARLIAMENTARY APPROVAL WILL BE NECESSARY FOR REORGANIZATION OF GOI NUCLEAR FUEL SECTOR AND FOR INCREASE IN ENEL CAPITAL FUNDING. SOCIALIST PARTY (PSI) AND OTHERS HAVE INDICATED THAT ENTIRE NEP SHOULD BE REVIEWED IN PARLIAMENT, AND DEBATE ON MEASURES ABOVE MAY PROVIDE OPPORTUNITY FOR OPPOSITION TO QUESTION AND PERHAPS MODIFY PROVISIONS APPROVED BY CIPE.

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5. MAJOR PROBLEM RESOLVED BY FEB. 18 AGREEMENT IS CHOICE OF NUCLEAR TECHNOLOGY. SPECIFICATIONS FOR REACTORS AS APPROVED BY CIPE RULE OUT BROWN BOVERI (SWISS) CONSORTIUM USING US-OWNED BABCOCK AND WILCOX'S PWR TECHNOLOGY. THUS, CONTRACTS WILL GO TO FIAT-BREDA CONSORTIUM USING WESTINGHOUSE'S PWR TECHNOLOGY AND FINMECCANICA-ANSALDO MECCANICA NUCLEARE CONSORTIUM USING GENERAL ELECTRIC'S BWR TECHNOLOGY.

6. MAJOR PROBLEMS NOT RPT NOT RESOLVED BY FEB. 18 DECISION  
ARE (A) COORDINATION OF GOI ENERGY POLICY: ORIGINAL NEP HAD  
PROPOSED CREATION OF HIGH ENERGY COMMISSARIAT, TO GROUP ENERGY  
AREA RESPONSIBILITIES OF GOI HYDROCARBONS AGENCY-ENI, ENEL  
AND CNEN. FEB. 18 AGREEMENT NOTES NEED FOR ENERGY COORDINATION,  
BUT DOES NOT SPELL OUT INSTITUTIONAL FORMAT. THE HIGH ENERGY  
COMMISSARIAT IS PROBABLY DEAD, BUT A COORDINATING BODY, PERHAPS  
EVEN AN ENERGY MINISTRY, MAY EMERGE FROM AN EVENTUAL PARLIAMEN-  
TARY DEBATE. (B) SITING FOR NUCLEAR POWERPLANTS: MININD  
ENERGY OFFICE DIRECTOR AMMASSARI TOLD EMBOFFS FEB. 23 THAT PROCESS  
FOR OBTAINING LOCAL SITE APPROVAL (WHICH HAS BEEN KEY FACTOR  
IN BLOCKING CONSTRUCTION OF FOUR REACTORS ORDERED IN 1973)  
IS PROCEEDING ACCORDING TO SCHEDULE SET OUT IN 1975 LAW.  
SITES FOR THE INITIAL FOUR (BLOCKED) REACTORS MAY BE APPROVED  
BY AUGUST (UPPER LAZIO AND MOLISE), AND APPROVALS FOR OTHER  
SITES ARE IN THE PIPELINE.  
(C) FINANCING: IF UNDERTAKEN, PLANNED MEASURES TO INCREASE  
ENEL CAPITAL FUNDS AND REVIEW RATE STRUCTURE WILL HELP CONSIDER-  
ABLY TO STRENGTHEN FINANCIALLY THE INSTITUTION AND INCREASE  
GOI AND ENEL'S LEVERAGE IN CONVINCING PRIVATE AND PUBLIC  
LENDERS TO MAKE AVAILABLE FUNDS NECESSARY TO FINANCE ENTIRE  
NUCLEAR PROGRAM. VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, NUCLEAR ENERGY, PROGRAMS (PROJECTS), NUCLEAR REACTORS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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